FBIS DAILY REPORT

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REPORTAGE ON MILITARY LEADERSHIP MEETINGS 2 SEP

Army Leaders

PY021715 Buenos Aires TELAM in Spanish 1400 GMT 2 Sep 82

[Text] Buenos Aires, 2 Sep (TELAM) -- The higher echelons of the Army continue to meet at the Libertador building, Army headquarters. The meeting which started at 0900 is presided over by its commander-in-chief, Lt Gen Cristino Nicolaides, and is attended by Div Gen Juan Carlos Trimarco, commander of the I Corps; Div Gen Eugenio Guanabens Perello, commander of the III Corps; Div Gen Alfredo Saint Jean, commander of the IV Corps; Interior Minister Llamil Reston; Div Gen Edgardo Calvi, commander of the military institutes; and Div Gen Horacio Varela Ortiz, commander of military industries.

The meeting is not being attended by Julio Jose Mazzeo, commander of the II Corps, and Julio Cesar Ruiz, commander of the V Corps, because they both hold the rank of Brigadier General and are only acting commanders.

Army, Air Force Chiefs

PY022131 Buenos Aires TELAM in Spanish 2000 GMT 2 Sep 82

[Excerpt] Buenos Aires, 2 Sep (TELAM) -- The Army and Air Force commanders in chief today held a 1-hour meeting during which they analyzed very important national and international subjects. The possibility of their meeting with the Navy commander in chief within the next few days has not been dismissed. The meeting of the three commanders in chief will reportedly entail the reconstitution of the military junta. The meeting between Lt Gen Cristino Nicolaides and Lt Gen Augusto Hughes began in the Libertador building, Army headquarters, at 1100.

No official report was released at the end of the meeting on the subjects the commanders in chief had discussed. However, military sources agreed that the subject of the reconstitution of the highest-ranking government body, which has not performed as such since 22 July 1982 when the Navy and the Air Force withdrew from it, was discussed during the meeting. Nicolaides and Hughes reportedly also discussed other important subjects, such as the refinancing of the foreign debt, the steps to be followed regarding the Beagle Channel dispute and the status of the institutionalization process. The sources remarked that the three commanders in chief, including Anaya, might meet within the next few days, since the reconstitution of the military junta is considered indispensable in the national government's present transition stage.

NAVY OBJECTS TO RECONSTITUTING MILITARY JUNTA

PY022305 Buenos Aires CLARIN in Spanish 2 Sep 82 p 2

[Text] It was learned from reliable sources yesterday that the Navy has reportedly voiced its objections to the reconstitution of the military junta. These objections are reportedly included in a document outlining the Navy's disagreement with some of the decisions President Bignone has made with the Army's support and without the participation of the other two forces.

It was learned that the Army and the Air Force are in favor of reconstituting the formal unity of the armed forces. However, the position of the Admiralty reportedly only favors a solution contemplating the designation of an ad-interim president who would be assisted by the armed forces in the conduct of the process.

According to the sources consulted, the enactment of the political parties' statute is also reportedly being questioned. Reportedly it has also been asserted that the authorization for the formation of alliances and federations is not in keeping with the guidelines duly enacted by the military junta.

The document drawn up by the Navy is reportedly adamant in its assertion that there is no well-coordinated and coherent government plan. Moreover, it reportedly characterizes foreign policy as "irresolute and unsteady."

Another of the main points presumably refers to the social welfare law. The document reportedly notes the Navy's objection to the introduction of amendments or changes in the present law.

On its part, the Air Force supports the junta's reconstitution. The Air Force reportedly has indicated that the objections made by the Navy have no solid basis because they do not take into account changes in domestic policy.

The Air Force reportedly wants to see the junta reconstituted on the basis of a fourth man, and it supports an intermediate solution as the only alternative. This solution reportedly consists of broadening presidential powers to a certain extent, but the Air Force does not approve of an interim president.

PRESIDENT SCORES DISTORTION OF INFORMATION

PY021607 Buenos Aires TELAM in Spanish 1655 GMT 1 Sep 82

[Text] Buenos Aires, 1 Sep (TELAM) -- President Reynaldo Bignone referred today to the distortion of news during the past few days and urged the ministers to be very careful regarding the policy to be followed in the field of official information so that it be plentiful, objective and truthful.

Bignone adopted this decision during the national cabinet meeting which deliberated for 3 hours today at government house, according to the Public Information Secretariat.

The president stated that this distortion has been especially noted recently, with too much importance being given to insignificant events or capricious, groundless and often self-serving rumors being passed off as news.

He added that this policy is aimed at not giving any leeway for speculation or distortion. If speculation and distortion occur, those who promote them will be held responsible.

He recalled remarks he made in a speech on 26 August to the effect that he was hoping the news media would know how to interpret the country's situation truthfully and authentically.

PRESIDENTIAL AIDE SAYS EARLY ELECTIONS POSSIBLE

PY021731 Buenos Aires TELAM in Spanish 1355 GMT 2 Sep 82

[Text] Buenos Aires, 2 Sep (TELAM) -- Presidential Spokesman Eduardo Maschwitz today asserted that the government plan extends over an 18-month period because the deadline for handing over power is March 1984.

He added: "I want to make clear that there was no error of interpretation by the press when they reported on a 15-month period; I admit that it is my responsibility, but the truth is that the plan covers an 18-month period because the country cannot stop. This does not mean that the implementation of the plan cannot be interrupted if the transition of power takes place at an earlier date."

Talking to Rivadavia radio, he explained that it is possible the elections will be held before the scheduled date, but before drawing up any schedules we should see how parties operate under the statute recently put in force.

He also said that the president decided that those persons invited to talk with him at the presidential residence will decide whether or not to make public statements on the topics discussed during the meetings. He said: "All invited sectors, either political or religious, as in the case of the visit paid yesterday by church representatives, are free to make statements on their own, but the president will make no comments on the meetings. Although no strict rule has been established in this regard, the above procedure has been followed thus far, because this way meetings have a strictly private character and discussions are much more open and frank."

MULTIPARTY GROUP DISCUSSES ECONOMY, ELECTIONS

Urges Change of Economic Policy

PY021905 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1400 GMT 2 Sep 82

[Text] Buenos Aires, 2 Sep (NA) -- The multiparty group has advised the military government not to negotiate the refinancing of the Argentine foreign debt "with a bowed head" and has asked it to bring about a general change in the socioeconomic policy. The government has refused to listen to the warnings, requests and proposals of the five-party group, which is observing the aggravation of the economic and social situation with deep concern. These statements are contained in a three-page document which the highest leaders of the political group approved last night.

The document points out that the multiparty group made a proposal last 16 December to solve the crisis but that Argentina continues going downhill, the situation of the wage-earners is untenable and the basic recessive trends are not being reversed because that proposal has been ignored. The five-party group also says that the prospects of satisfactorily handling the refinancing of the foreign debt by the economic management of the current process are uncertain.

The multiparty document says that the replacement of Gen Leopoldo Galtieri with Reynaldo Bignone as president has not led to any change in the insensitivity of the military process to the outcry of all the sectors suffering from the distressing situation.

Regarding the change that has taken place in the Economy Ministry leadership, it observes that the change of men in fact serves the purpose of maintaining the same economic policy as was initiated in 1976. The multiparty group warns that if the liberal monetary system continues, the country will face an uncontrollable social upheaval and then a cessation of payments.

The document concludes by saying that the problem of the foreign debt can be approached successfully only if it is placed in the context of a new policy opposed to the one which has been applied, a policy of generating wealth and consolidating the internal front in order to uphold the national interests.

Request Date for Elections

PY021841 Buenos Aires Telam in Spanish 1421 GMT 2 Sep 82

[Excerpt] Buenos Aires, 2 Sep (TELAM) -- Last night the multiparty group decided that during the dialogues with President Bignone, he will be asked to give a definite date for the call for elections, for the shortening of the electoral deadlines and for the abolishment of the institutional acts regarding former President Maria Estela Martinez de Peron and other political and labor union leaders.

At the same time, according to Carlos Contin, leader of the Radical Party, at the end of the meetings the government will be requested to lift the ban on labor union activities and explain the role of the court overseers [veedores judiciales] provided for in the political parties' statutes. Continu refrained from stating any tentative date the multiparty group might suggest, but hinted it would be in mid-1983, adding that the deadline for the handing over power should be brief.

In addition to these subjects, the miltiparty group approved a proposal made by the Intransigent Party to submit to the United Nations a 3-point declaration ratifying Argentina's sovereignty over the Malvinas Islands, rejecting the establishment of military bases on the archipelagos and requesting that the South Atlantic be declared a peace zone prohibiting the testing of atomic arms in the area.

In this regard, Contin stated that it is possible that a representative of the organization may travel to UN headquarters to deliver the text of the declaration and explain the goals and basis of the multiparty group.

NAVY COMMANDER RETURNS FROM BRAZIL VISIT

PY021659 Buenos Aires Domestic Service in Spanish 1600 GMT 2 Sep 82

[Excerpt] The Navy commander in chief, Adm Jorge Isaac Anaya, returned at noon today after a 5-day visit to Brazil where he met with President Figueiredo and other high-ranking Brazilian officials.

DELEGATION TO IMF MEETING DEPARTS 2 SEPTEMBER

PY030309 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0220 GMT 3 Sep 82

[Excerpt] Buenos Aires, 2 Sep (NA) -- Economy Minister Jorge Wehbe left tonight for Toronto, Canada, heading the delegation that will initiate negotiations with the IMF and the IBRD for rescheduling the huge Argentine foreign debt. Argentina's commitments with international financial institutions amount to nearly $40 billion, of which $12 billion must be repaid before the end of this year.

The economy minister boarded the plane to New York -- from where he will go to Toronto -- at 2315 in the company of his predecessor, Jose Maria Dagnino Pastore.

The official delegation is composed of Guillermo Blanco, director of foreign financial policy of the Economy Ministry; Mario Tejeiro, delegate to the IMF; Eduardo Zalduendo, delegate to the IBRD; Julio Gonzalez del Solar, president of the Argentine Central Bank; and Santiago Giloteaux, director of the Argentine Central Bank.

MEETING WITH BRAZILAN BUSINESSMEN ENDS

PY021407 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0240 GMT 2 Sep 82

[Text] San Pablo, 1 Sep (NA) -- The Argentine-Brazilian businessmen's meeting ended here tonight with the presentation of several proposals for regional integration. One such proposal calls for the central banks of both countries to proceed with studies to grant trade credits on a reciprocal basis.

The proposals resulted from negotiations among the official sectors of both countries and 23 commissions formed by various sectors of private enterprise.

However, some of these commissions, such as the one on steelmaking, could not meet because some of the parties, the representatives of the Argentine state-run and private enterprises, did not show up.

In other commissions, such as those on celulose, paper and hides, skins and their byproducts, the Argentine and Brazilian representatives engaged in harsh discussions. They were not able to reach agreement, and it was decided to continue the talks in the future.

Regarding the hides issue, the main problem was that the Brazilians wanted the Argentines to export raw hides to be tanned by Brazilian industry while the Argentines noted the need for exporting tanned or manufactured hides unless the number exceeded the Argentine processing capacity. This is not occurring at present because the number of slaughters is low due to the beef consumption slump on the local market.

As for celulose and paper, the discussions were centered on the tariffs implemented according to the various types of papers and paper by-products. These tariffs range from 80 to 200 percent in Brazil while they are considerably lower in Argentina.

The largest commissions were those on food, which was divided into nine subgroups, and on joint exports to third countries.

In the case of the food commissions, the agreements were of a far more comprehensive scope, and Argentina obtained some advantages by the reactivation of dried fruit exports to Brazil, namely apples. Regarding wine, it was agreed that solutions would be sought to the problem posed by the import of first-class wines.

Important cooperative agreements were entered into in the machinery and tools industry. It was also decided that protective regulations against third countries regarding the import of goods which are manufactured in Argentina and Brazil would be implemented by the two countries.

BRIEFS

JOINT STAFF DEPUTY CHIEF -- Buenos Aires, 23 Aug (TELAM) -- Brig Gen Hector Norberto Iglesias was today designated and installed as Joint Staff deputy chief, according to military sources. Iglesias was reportedly installed by Rear Adm Leopoldo Suarez del Cerro, chief of the Joint Staff. [Buenos Aires TELAM in Spanish 2145 GMT 23 Aug 82 PY]

ECONOMY UNDER SECRETARY NAMED -- Miguel Eduardo Iribarne has been designated as economy under secretary. [Buenos Aires LA NACION in Spanish 28 Aug 82 p 14 PY]

COMMUNICATIONS UNDER SECRETARY INSTALLED -- Buenos Aires, 30 Aug (DYN) -- Communications Secretary Angel Barbieri today installed Rafael de Arrascaeta as the new communications under secretary. Rafael de Arrascaeta was serving as director of the national postal and telegraph enterprise. [Buenos Aires DYN in Spanish 1750 GMT 30 Aug 82 PY]

AMBASSADORS ACCEPTED -- Buenos Aires, 31 Aug (TELAM) -- The Algerian Government has agreed to the designation of Oscar Fernandez as Argentine ambassador to Algeria replacing Nereo Melo Ferrer. On its part, the Argentine Government has agreed to the designation of Mr Konstandinos Mousioutas as Cypriot ambassador to Argentina. [Buenos Aires TELAM in Spanish 1520 GMT 31 Aug 82 PY] Buenos Aires, 27 Aug (DYN) -- The Argentine Foreign Ministry today announced that the government has agreed to the designation of Cirilo Castellanos as ambassador of the Dominican Republic to Argentina. [Buenos Aires DYN in Spanish 1527 GMT 27 Aug 82 PY] Buenos Aires, 30 Aug (TELAM) -- The Argentine Government has agreed to the designation of Lorne Sheldon Clark as Canadian ambassador to Argentina replacing Dwight Furford. [Buenos Aires TELAM in Spanish 1516 GMT 30 Aug 82 PY]

MILITARY COMMAND ON 'PRE-INSURRECTION'S SITUATION

PY021640 Paris AFP in Spanish 0404 GMT 2 Sep 82

[Text] La Paz, 1 Sep (AFP) -- While the high military command has reported that there is a situation of preinsurrection in Bolivia, Interior Minister Edgar Rojas Ruiz has stated that there are subversive plans to halt the national constitutionalization process. The high command believes that the situation of preinsurrection became obvious in the closing speech at the Huanuni mineworkers congress given by labor leader Juan Lechin Oquendo, who proposed that the Bolivian Armed Forces and police disappear. The high command let it be known that it has taken due notice of the words and intentions of the top leader of the Bolivian Labor Federation (COB). In turn, Rojas Ruiz announced at a meeting with leaders of political parties that the military regime will not allow Bolivia to become a new Vietnam.

24-HOUR STRIKE BRINGS COCHABAMBA TO STANDSTILL

PY022147 Paris AFP in Spanish 1712 GMT 2 Sep 82

[Text] La Paz, 2 Sep (AFP) -- The city of Cochabamba in the center of the country has come to a total 24-hour standstill by decision of the labor, civic and student organizations, which are requesting economic support from the government for the normal functioning of the local university, it was reported here today. The streets were empty while close to 1,000 university students staged a hunger strike in the main downtown churches of the city. The leaders of the Departmental Lebor Federation (COD) headed by Lucio Lopez and the rector of the Greater University of San Simon (UMSS), Freddy Aranibar, said that the pressure measures will continue until the government finds a solution to the demands.

COSAS INTERVIEWS ECONOMY MINISTER, JUAN LECHIN

PY021521 Santiago COSAS in Spanish 12 Aug 82 p 30, 32

[Interview by Andre Jouffe in La Paz with Alfonso Revollo, Bolivian economy minister, and Juan Lechin, leader of the Bolivian Labor Confederation, no date given]

[Excerpts] [Question] Chile has offered at least one important guarantee to obtain the credibility which has attracted investments; that is, the maintenance of an economic line, stability within the leadership and an economic plan. You certainly are aware that this has not occurred in Bolivia.

[Revollo] What you contend has undoubtedly been the main reason for the attraction of foreign investment. However, it is not always necessary to speak of long-term political conditions. As you know, we have announced a plan to which we are firmly committed, that is, that the armed forces will hand over power to the civilians on 6 August 1983, to the president of the republic who wins the elections to be held in March.

[Question] And who will guarantee the investor that the new government will follow the same economic plan drawn up by General Vildoso and yourself?

[Revollo] Favorable situations might arise. Any process for attracting capital takes some time to implement. We need a few weeks to enact an investment law such as the one we are in need of. Our work is designed to outline the bases so that the new government can make the pertinent decision. We are drawing up an economic plan designed to resume negotiations with the International Monetary Fund as soon as possible. The only solution that this ministry is going to consider is that of a serious renegotiation with the IMF, depending, of course, on Bolivian interests and what serves it best.

Revollo is aware that a wrong step will mark him forever. He is aware that the currency shortage which left the country without a single available note at the end of July occurred because things were not planned ahead of time.

However, the finance minister has confidence in his work. He intends to implement an exchange policy, not necessarily rigid, but framed within the scope of Bolivian reality.

[Question] What is the purpose of all the demonstrations being carried out against General Vildoso, which began even before he took over as president?

[Lechin] They are taking place simply because Vildoso takes after Luis Garcia Meza. Vildoso represents the type of military which has led Bolivia to its current economic and social chaos. General Celso Torrelio acknowledged the requests of the workers and of the people and granted the freedom the people requested. He was attaining internal credibility when he was replaced by Vildoso.

[Question] Would you have preferred Rico Toro instead?

[Lechin] No. I would have preferred that Torrelio had stayed. I have known Rico Toro for many years, but I do not know which way he leans. We would have been able to make up our minds had he only disclosed the names of those he had in mind to form his cabinet when he planned the rebellion, but things did not turn out that way.

[Question] Do you sympathize with Rico Toro?

[Lechin] Look here, I do not like the military and they do not like me. The military in general are good people when taken individually, but not when they are taken as an institution. The psychology is completely different. For this reason, I have doubts when General Vildoso tells me that he will hold election because his reflected image, Garcia Meza, wanted to stay in power for 30 years. I believe that the military will try to find any excuse for cancelling the scheduled plan.

[Question] Not even with orchestrated elections?

[Lechin] No, because as militarymen they do not want to surrender power. It is not a matter of orchestrating an election and installing a civilian as a screen. They will give a score of excuses in order not to hold elections. From now on, everything depends on what the high military command decides to do.

[Question] Do you live in a state of permanent fear?

[Lechin] All human beings harbor fear, but we are forced to overcome it because we cannot remain in hiding. The politicians can do it because they do not frequently appear in public and before their members. On the other hand, we, the union leaders, have no other alternative than to appear in public and to receive in our offices our fellow members who are having problems.

Lechin dismisses the possibility that Hernan Siles' refusal to return to Bolivia from Lima might be due to the lack of personal guarantees. "Nobody has guarantees in this country. If that were the reason, I would also have to be hiding abroad."

[Question] Then is there a possibility of your running as a candidate, replacing Siles?

[Lechin] No, because one needs two things to participate in the elections: an organized political party and money. I have neither.

[Question] Could it not be that so many simultaneous protests might have an adverse effect on the desire for democracy that is inspiring the protests?

[Lechin] We wish to convey to the government that we are on the alert, that if the plan is complied with, we will do our best to see that the elections are held. We will denounce the frauds and shady procedures so that the elections are not tampered with. However, I doubt that this will occur because I know the background of those who currently rule Bolivia.

REGULATIONS GOVERNING ELECTIONS REPORTED

New Ballot Procedures

PY021719 Rio De Janeiro O GLOBO in Portuguese 1 Sep 82 p 3

[Excerpt] The new ballot proposed by the government, which was approved yesterday after much debate by the National Congress, compels the voter to write the name and/or the number of all the candidates on the ballot slip, does not permit voting by writing in the name of a party as was originally proposed and eliminates the possibility of the voter casting his vote at home by obliging the president of the balloting station and two inspectors to sign the ballot before it is handed over to the voter to cast his vote voting booth in secret.

Restrictions on Campaigning

PY030257 Rio de Janeiro O GLOBO in Portuguese 2 Sep 82 p 3

[Text] Brasilia -- The Superior Electoral Court [STE] will send a circular to the regional electoral courts today communicating the decision adopted last Tuesday that the instructions for the 1973 elections will also be valid for the elections this year because the pertinent legislation has not been modified. The STE decided to make clarifications now because the free electoral campaigning over radio and television, which is regulated by the "Falcao Law," will get underway on 14 September. The 1973 instructions set of series of prohibitions that must be observed by the parties, candidates and intraparty subgroups [sublegenda].

The radio and television campaign will be restricted to the free time that will be reserved for that purpose by the radio and television stations for the 60 days prior to 1 day before the elections. There is an express ban on paid time. The free time -- which parties are not required to make use of, according to experts on this question -- will only allow the parties to state their names and give the background and registration numbers of their candidates or show the candidate's picture on television. The parties will also be able to announce the time and place of rallies. The background for the pictures must not show "scenes of any kind." At the beginning and end of the television spot, music without lyrics can be played.

Free election campaigning will begin on 14 September when, according to experts, debates among candidates must cease. It will total 2 hours divided into 5-minute spots each day. The STE resolution rules that the electoral courts will notify those responsibile for any radio or television station to immediately cease or deny any broadcasting that may be in violation of the electoral legislation in force.

No radio station owned by the federal government, states, municipalities or any other public entity or those in which these entities hold a majority of stock and no loud-speaker services operated by those stations can be used to make political announcements or broadcast either favorable or unfavorable opinions for or against any political party, its organs, its representatives or its candidates. These stations, however, will provide free time within the terms allowed by the law.

According to the STE resolution, the use of lighted signs or any other kind of sign is not permitted in places other than those set apart for such purposes; neither are inscriptions permitted along roads or railways. The use of advertising agency sign-boards is banned as is the installation of signs in places open to the public such as movie houses, theaters, clubs, stores, restaurants, bars, bus terminals, railway stations, subways and airports. The use of signs in auditoriums, gymnasiums, stadiums -- either public or private -- is forbidden, as is the carrying of portable signs into those places by spectators even if they do it "voluntarily without being paid."

The STE instructions -- repeating provisions of the electoral code -- ban campaigning through sound-or image-carrying systems in places open to the public such as those mentioned previously.

The STE resolution forbids political announcements which could disturb public tranquillity, such as those made with noisy "musical instruments or sound effects," as well as any other mode of campaigning which could mar urban aesthetics, cleanliness, or result in restricting the rights of others, or could imply offers of gifts, the collection of funds, raffles or advantages of any nature.

The parties and intraparty subgroups [sublegendas] are given the right, without requiring a license or paying a fee, to put up the names by which they are known in front of their buildings in the manner they think best. They are also allowed to use loudspeakers and amplifiers for 3 months prior to the elections. The instructions also say that there is no need to obtain police permission to hold party election meetings outdoors.

The STE resolution states that any citizen who becomes aware of any violation of the election regulations should notify the electoral judge of the zone where the violation took place. If the violation was committed by a radio station or with its connivance, the judge will communicate the violation to Dentel (National Telecommunications Department).

Government Comment

PY022019 Rio de Janeiro LATIN AMERICA DAILY POST in English 2 Sep 82 p 5

[Text] Brasilia (DAILY POST) -- President Joao Figueiredo's civilian chief of staff, Leitao de Abreu, Tuesday said there will be no changes introduced to the so-called "Lei Falcao." The "Lei Falcao" named after its author, former Justice Minister Armando Falcao, restricts the use of free radio and television time for campaigning politicias. Under this law only a photo of the candidate can be shown on T.V. accompanied by a voice which gives details on the candidate's personal and professional life.

Abreu, who said there will be no further modifications made to the electoral legislation, added that the important thing now is to educate the people on how to use the ballot, and to do this the government will use the mass media. The government's highly simplified version of the ballot, containing only the necessary space for the voter to write in the name or number of his chosen candidates (for governor, state and federal congressmen, senator, mayor and city councilmen) was approved by Congress Tuesday night.

DAILY POST Editorial

PY022138 Rio de Janeiro LATIN AMERICA DAILY POST in English 2 Sep 82 p 4

[Editorial Ballot Ready]

[Text] With the approval Tuesday by Congress of the ballot form to be used by Brazilian voters in November, hopefully we have seen the last of this question. Now all sides can get down to the serious task of campaigning and, as a result of the complexities of the ballot, of instructing the voters on how to use it.

The now approved ballot asks voters to write in the names and or the numbers of the candidates they choose for the numerous posts to be filled ranging from state governors to city councilmen. Tests conducted with the ballot have shown that voters at present are currently confused by the various voting methods to be used by them in this election ranging from vinculacao (all candidates must belong to the same party) to sublegendas (up to three candidates from each party running for the same post, the party collecting the most votes winning the seat). It will now be up to the individual parties to instruct voters in how to handle the ballot.

It was announced on Tuesday by Minister Leitao de Abreu that the Falcao Law, which legislates political propaganda and in particular radio and television presentations, will remain unaltered for the election and that the government considers the electoral reform question closed. Thus, all parties can say they know the rules of the game. As was stated several times in recent days by both government and opposition spokesmen, questions such as the form of the ballot now become secondary to the critical matter of the election itself. Despite months of charges by opposition leaders that the government would eventually postpone or cancel the elections, today, with slightly more than nine weeks to go and campaigns in full swing, it is clear that Brazil will indeed have elections on November 15. As to the other charges that through its electoral reforms the government was attempting to stack rules in its favor, we believe that it has also become clear that there are advantages and disadvantages to all sides in the rules that will govern this election. The important thing was to get it settled as quickly as possible, which has now happened. The rules are there and are the same for everybody. As in sporting events, when it rains, it rains on both sides of the field.

For the remaining weeks before November 15, the 50 million eligible voters in Brazil will have ample opportunity to inform themselves as to the qualities of the candidates from whose ranks the next generation of Brazilian political leaders will emerge. When the largest, strongest and, in our opinion, the most exciting nation of Latin America holds an election of this size and importance it is a premier event. Let us then get on with the show.

ARGENTINE NAVY CHIEF PROPOSES S. ATLANTIC PACT

PY021824 Buenos Aires DYN in Spanish 1131 GMT 2 Sep 82

[Excerpts] Buenos Aires, 2 Sep (DYN) -- In a speech delivered in the city of Rio de Janeiro, Argentine Navy Commander in Chief Jorge Anaya has voiced support for signing a pact with Brazil and Uruguay to defend the South Atlantic. The speech delivered by the Argentine Navy commander in Rio de Janeiro on the occasion of decorating five high-ranking Brazilian navy officials was released here last night by the navy headquarters.

In his speech, Anaya said that with Brazil "we share long borders and both have a coastline on the South Atlantic." Therefore, he said, "jointly with our Uruguayan brothers, we have the unavoidable responsibility of defending it to build a free, dignified, truly sovereign continent."

Anaya also claimed Argentine sovereign rights over the Malvinas Islands and was thankful for the Latin American solidarity during the recent South Atlantic conflict.

Elaborating on his proposal to conclude a pact to defend the South Atlantic with Brazil and Uruguay, Anaya said: "Our navies will undertake joint maneuvers, exchange know-how and achievements and defend that immense sea that links us and where the same language is spoken -- that which is common to our America."

In Rio de Janeiro, Anaya decorated Adm Domingo de Mattos Cortez, commander of the amphibious division, Adm Paulo de Bonoso Duarte, Vice Adm Arthur Ricard da Costa, Rear Adm Ivan Simas de Oliveira and Capt Williams Pereira.

GUERREIRO MEETS WITH VENEZUELAN COUNTERPART

PY030119 Paris AFP in Spanish 2240 GMT 2 Sep 82

[Text] Rio de Janeiro, 2 Sep (AFP) -- Brazilian Foreign Minister Ramiro Saraiva Guerreiro and Venezuelan Foreign Minister Jose Alberto Zambrano Velasco today downplay the hypothetical formation of a new OAS without the United States.

Zambrano arrived in Rio de Janeiro this morning. Upon remarking that it would be difficult to think of forming a hemispheric organization without the United States, which forms part of the American hemisphere, he noted that that proposal will never materialize.

The Brazilian and Venezuelan foreign ministers held a long meeting in this capital today; which was termed cordial and friendly by the spokesmen for the two foreign ministers. During the meeting, Guerreiro and Zambrano reportedly examined bilateral relations, the inter-American system and the economic crisis currently affecting several countries of the continent.

In statements made to the press, Zambrano said that several Latin American nations have submitted proposals contemplating the reorganization of the inter-American system. He said the proposals have varying scopes and contents, none of which are very precise. He categorically dismissed the possibility of forming a new hemispheric organization without the participation of the United States, stating that it would be impossible to think of an hemispheric organization without the United States because it is a country which forms part of the American hemisphere.

Guerreiro corroborated Zambrano's statements, stressing that the inter-American system justifies U.S. participation. The Brazilian foreign minister said that there are various suggestions and proposals for reorganizing the inter-American system, and he admitted that it is in need of better political coordination. However, he stressed that such coordination does not imply rejecting or eliminating the OAS, the Inter-American Reciprocal Assistance Treaty (TIAR) or the inter-American system itself. He stated that all suggestions will be examined, not only by Brazil and Venezuela, but by all the countries of the continent. He categorically denied, however, that the exclusion of the United States had been formally proposed. Guerreiro said in conclusion: Besides, we are not concerned about that.

[Brasilia Domestic Service in Portuguese at 2200 GMT on 2 September reports the 2 September meeting between the two foreign ministers and states that when Guerreiro was "asked by journalists if there would be any changes in the American system, he said that everything can change with time, but Venezuela, Brazil and other countries do not adopt simplistic attitudes and all factors are taken into account because international relations are developed at various levels."]

BRIEFS

IBRD LOANS -- Brasilia -- From 1 July 1981 to 30 June 1982 IBRD loans to Brazil have tptaled $722.1 million, without including the $304 million loan earmarked for the Carajas project. [San Paulo O ESTADO DE SAO PAULO in Portuguese 28 Aug 82 p 26 PY]

NEW ARMY OFFICIAL -- Brasilia -- Maj Gen Jose Albuquerque was sworn in yesternday as the new army deputy chief of staff. [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Aug 82 p 5 PY]

INDUSTRIAL USE OF OIL -- Brasilia -- Gen Oziel de Almeida, chairman of the National Petroleum Council, signed a decree on 27 August banning, as of 1 January 1983, the industrial use of OC-4 type fuel oil and diesel oil. Thus, industrial equipment will have to be readjusted to use low quality fuel oil and wood, electricity, charcoal, coal or bagasse. [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Aug 82 p 27 PY]

REPORTAGE ON FAILURES TO GAIN MILITARY AID

U.S. Military Aid

PY021551 Santiago Domestic Service in Spanish 1100 GMT 2 Sep 82

[Text] In a brief statement to the press, Chilean Ambassador to the United States Enrique Valenzuela has stated that the lack of U.S. military aid to Latin America is largely detrimental to the United States.

Valenzuela has been in Santiago on leave and will return to his post next Monday. He said there was no established deadline for the Reagan administration to send to the U.S. Congress the certifications required to resume U.S. military aid to Chile.

Asked whether the Malvinas conflict may have delayed the certifications, Valenzuela said: Many issues have undergone changes.

Asked whether the lack of military aid was undermining U.S.-Chilean relations, he said: [Begin Valenzuela recording] I think so. In my opinion, the most adversely affected party is the United States itself because the training courses our officers were taking in U.S. military academies were instrumental in building direct, personal relations among U.S. and Chilean army, air force and navy officers. All this was useful for both the United States and Chile. The fact that we were getting to know each other through personal contacts was very useful for the United States. [end recording]

He added: Although the United States is not a party to the papal mediation in the Chilean-Argentine conflict, it is being kept permanently informed on the subject.

He said that instead of fomenting military buildups among countries, the requirement to solve all controversies peacefully should be mandatory.

[Begin Valenzuela recording] Well, this is Chile's position, as our foreign minister has stated. I believe this is the right position. This is a new idea which is now being proposed and efforts should certainly be made to persuade all countries that the peaceful solution of all controversies must be mandatory, as proposed by our foreign minister. This is a good idea and I believe the time has come to implement it [words indistinct] [end recording]

Asked whether the U.S. Government would support this proposal, he said the U.S. Government will support any proposal aimed at achieving a peaceful solution of all conflicts.

Austria Refuses To Sell Arms

PY021650 Paris AFP in Spanish 0302 GMT 2 Sep 82

[Text] Santiago, 1 Sep (AFP) -- The Chilean Foreign Ministry reported today that Austria's refusal to sell arms to Chile is due to the influence of Chilean political exiles in that country.

Reports datelined Palma de Mallorca quoted Austrian Chancellor Bruno Kreisky as saying that his country will not sell any kind of arms to Chile.

However, the reports indicated that the Austrian Government will fulfill the contract signed with Argentina for the provision of 350 Kurassier armored vehicles, which has been suspended since the Malvinas war.

Reliable sources from the Chilean Foreign Ministry indicated that Austria may have made that decision under the influence of Chilean citizens from the Socialist and Radical parties. However, the sources did not attach too much importance to the reports, "because the Austrian Government has long adopted that position."

The sources recalled that some years ago, the preliminary negotiations carried out by the purchase of Austrian arms and tanks did not succeed because of the political pressures exerted on Austria. The Austrian Embassy has made no comment regarding the statement attributed to Chancellor Bruno Kreisky.

GOVERNMENT ALLOWS RETURN OF FOUR EXILES

PY022153 Santiago Domestic Service in Spanish 1730 GMT 2 Sep 82

[Government house report by Graciela Contreras]

[Text] Ramon Suarez, under secretary of the interior, this morning reported at government house that the government has decided to allow four persons to return to Chile. He gave the names of the persons and referred to what the interior minister said on this matter yesterday.

]Begin Suarez recording] The minister said clearly that the government, specifically the Interior Ministry, has been studying the situation of some persons who had submitted requests to return to the country. I want to tell you that in this specific case the request was submitted by the Foreign Ministry which, in turn, received it from the international agency ECLA [Economic Commission for Latin America]. The government studied the situation and agreed to the return of four of those persons. They are: (Raul Valdivieso Rodriguez), (Sergio Castillo Mandiola), (Gloria Pinto Jorquera) and (Ignacio Larrain Susaeta). The Interior Ministry agreed to grant the request on the basis of the personal backgrounds of the four citizens. This is the situation concerning the request involving the four exiles. [end recording]

[Question] Are any of them already in Chile?

[Begin Suarez recording] I understand that one or two of them are already here. The other persons were told about the Interior Ministry's decision yesterday. [end recording]

[Question] Is the government studying any other request?

[Begin Suarez recording] The government is not studying any other specific request. New requests are constantly being submitted and we are studying them. But there is no particular request under consideration now. [end recording]

Concerning the appointment of new under secretaries, Suarez said that there is no news regarding that matter because the president has not made any decision yet. He added: As soon as the president tells me, I will inform the public. At midday today, President Augusto Pinochet dedicated the national historical museum at the Real Audiencia Palace, located in front of Santiago's parade ground.

ECONOMY MINISTER RULES OUT SALARY REDUCTIONS

PY022149 Santiago Chile Domestic Service in Spanish 1730 GMT 2 Sep 82

[Text] In response to questions by reporters, Economy and Finance Minister Rolf Luders said that there will be no salary reductions because there is no reason why salaries should be reduced while the dollar rate is free.

[Begin Luders recording] We will by no means reduce salaries. Salaries will be negotiated by workers and businessmen in the private sector, and public servants' salaries will not be reduced. This question may have been raised as a result of what I wrote some time ago about salary reductions solving the recession problem in a system of automatic readjustments and fixed exchange rates. Today, the fluctuating exchange rate makes salary reductions unnecessary. [end recording] In this way, the minister rules out this possibility.

MINISTRY NOTIFIES URUPABOL MEMBERS OF WITHDRAWAL

PY021714 Asuncion ABC COLOR in Spanish 2 Sep 82 p 10

[Excerpts] The Paraguayan Government, through the Foreign Ministry, has officially notified the Bolivian and Uruguayan governments of its decision to denounce the agreement that created the Urupabol group [Permanent Joint Commission of Uruguay, Paraguay and Bolivia], which was signed by the three countries in Asuncion on 29 May 1981. ABC COLOR reporters yesterday unsuccessfully tried to get in touch with Dr Eulalio R. Palacios, the national representative to Urupabol.

An official Foreign Ministry spokesman explained the essentials of the Paraguayan position toward the regional organization. The spokesman said: "There are countries within the Latin American context which are going through various stages of their economic life, with the logical repercussions. The Paraguayan Government believes that due to the particular circumstances the Latin American region is experiencing, the duplication of technical and, particularly, economic efforts should be avoided. The Paraguayan Government believes that it is necessary to return to the original sources for cooperation, such as, for example, the River Plate Basin system, made up with Argentina, Brazil, Bolivia and Uruguay."

Experts stressed that Urupabol was just another organization, a new organization which involved new expenses.

The Foreign Ministry spokesman made particularly clear that the note Foreign Minister Alberto Nogues sent to his Bolivian and Uruguayan counterparts stated that the Paraguayan decision "signifies no deterioration in relations with those countries whatsoever."

NEWSPAPER MINIMIZES UPROAR OVER U.S. DOCUMENT

PY021330 Asuncion ULTIMA HORA in Spanish 1 Sep 82 p 10

[From the "Repercussion of the News" column]

[Text] A letter from a former minister to author Roa Bastos prompted the publication of what is purportedly a document attesting to "the author's trips to Cuba." This was done by the Interior Ministry under secretary through a local newspaper, but the U.S. diplomatic representation has said nothing in this regard. Two opposition deputies have separately requested information on "whether the U.S. Embassy in Asuncion provides information to the national government about Paraguayan citizens who travel abroad."

This all seems truly useless and hollow and aimed at only a minor political objective leading nowhere, except perhaps to stir up small domestic backroom intrigues.

POLICE CHIEF EXPLAINS STATUS OF PRISONER

PY021811 Asuncion ABC COLOR in Spanish 2 Sep 82 p 11

[Text] Paraguayan Police Chief Gen Alcibiades Britez Borges has sent a note to the Supreme Court explaining that Ramon Santiago Moreno, a journalist of this newspaper, is being held under the provisions of Article 79 of the National Constitution which deals with the state of siege and allows the executive branch to order the arrest of individuals. The note, numbered 4378, was sent to the Supreme Court following the third order from the court that the prisoner be brought before it to comply with the requirements related to the plea for habeas corpus submitted on the journalist's behalf.

Ramon Santiago Moreno was arrested in Luque -- where the state of siege does not apply -- on 17 August, and as of yesterday the police had not supplied any information on the reasons for his arrest. The journalist is still being held incommunicado at the Investigations Department of the metropolitan police.

NEW LABOR, FOREIGN MINISTERS SWORN IN 2 SEP

PY022157 Buenos Aires TELAM in Spanish 1600 GMT 2 Sep 82

[Excerpts] Montevideo, 2 Sep (TELAM) -- Two new ministers took the oath of office today during a ceremony at government house attended by all cabinet ministers with President Gregorio Alvarez presiding. Carlos Maeso, former minister of labor and social security, was sworn in as foreign minister replacing Estanislao Valdes Otero, who had taken it over in 1979. Luis A. Crisi, who had been a member of the Council of State since August last year, took over as minister of labor and social security replacing Carlos Maeso.

ECONOMY MINISTER ON ECONOMIC PLIGHT, WAGES

PY030308 Paris AFP in Spanish 1415 GMT 2 Sep 82

[Text] Montevideo, 2 Sep (AFP) -- Economy Minister Valentin Arismendi stated here today that Uruguay is experiencing a continuous crisis of stagnation that has been with us for the past 25 years. On reasserting that the present liberal economic policy, which has been criticized by the most important sectors such as the agricultural and the industrial sectors, will not be altered, Arismendi noted that Uruguay has to be extremely disciplined and very conservative regarding its economic policy because it is a small country.

Arismendi added: "We are implementing this economic policy because the clock cannot be turned back following the energy crisis which resulted in an increase in the price of oil and following the opening up of the financial markets in the world." If Uruguay chose to close its economy, he added, it would undoubtedly experience extremely difficult situations and would be incapable of even paying for its oil.

According to Arismendi, the fixed incomes sector ought to compare the Uruguayan situation with that of other regions where the wage earners, pensioners and holders of savings accounts in countries much more powerful than our are experiencing great difficulties.

However, Arismendi admitted that Uruguay is experiencing a critical situation, that unemployment is running at 11 percent, and that the manufacturing sector is undergoing a critical year because the activities of this sector declined by 12 percent during the first 3 months of 1982. Arismendi concluded: "Uruguay is undergoing a crisis which concerns and distresses us all."

Conversely, Arismendi asserted that Uruguay will recover its fiscal balance by the end of 1983 or the beginning of 1984 and that the current fiscal deficit, which is running at 32 percent, will be decreased to 26 percent or 27 percent before the end of 1982.

Arismendi stressed the government's intention to free wages, because right now there are enterprises capable of granting wage increases. Arismendi maintained, however, that the government is already studying the 1983 wage policy in order to continue implementing the minimum wage increases. He reasserted that no further increase will be granted this year, but said that those enterprises willing to grant wage increases can do so.

Arismendi concluded by indicating that the government foresees an inflation rate of between 12 and 15 percent for 1982, and reasserted that the policy regarding daily minidevaluations with 6 months advance notice will continue being implemented.

PRESIDENT BLAMES ECONOMIC WOES ON DOLLAR FLIGHT

FL021335 Mexico City NOTIMEX in Spanish 2045 GMT 2 Sep 82

[Text] Mexico City, 1 Sep (NOTIMEX) -- President Jose Lopez Portillo today asserted that many Mexicans are responsible for the flight of $50 billions, thousands of them deposited in foreign bank accounts and others used for the purchase of real estate in the United States. The chief of state said in his state of the nation report that this amount is equal to half the total reserves of the entire Mexican banking system and to nearly two thirds of the country's recorded private public debt.

Lopez Portillo stated that $22 billions were taken out [of the country] in the last 2 or 3 years, not counting the $17 billions of the unrecorded private debt needed to liquidate mortages which should be added to the county's foreign debt. He added that Mexicans have a right to their money and peace of mind, and the banks have to serve their customers. He stressed that the dollar accounts are attractive for all persons having funds, which is why the savings were converted to dollars.

However, the [banks'] use of that freedom and service to their clients is arbitrary in individual cases, because it is harmful to the general interest and to those who believe they benefit from that privilege, [which they will not] unless they leave the country, and many will not be able to do that. We all will have to live in a country with great problems because they chose against solidarity with it.

DE LA MADRID SUPPORTS BANK NATIONALIZATION

FL021320 Mexico City NOTIMEX in Spanish 0440 GMT 2 Sep 82

[Text] Mexico City, 1 Sep (NOTIMEX) -- Miguel de la Madrid Hurtado, commenting on the nationalization of private banks, said the measure responds to the critical circumstances which the president explained in his sixth state of the nation message. The state cannot allow chaotic situations which threaten to divide us and cause grave damage to the national interests and the majority of our people if they continue unchecked, said Mexico's president-elect.

He added: These are times that call for solidarity, serenity and strength in our attitudes. The nation will face its problems and limitations with firm resolution and respect for the rights of the Mexican people.

As to his opinion on President Jose Lopez Portillo's state of the nation message, De La Madrid stressed: I am certain that Mexico will forge ahead.

Elsewhere, De La Madrid said that Mexico has considerable experience in the area of development. He said: We have always known how to overcome obstacles and continue progress. Our historical [experience] has never been easy. We have strong political and legal institutions to support our decisions and our collective values, he said.

PRESIDENT APPEALS TO MEDIA TO ACT RESPONSIBLY

FL021435 Mexico City NOTIMEX in Spanish 0240 GMT 2 Sep 82

[Excerpts] Mexico City, 1 Sep (NOTIMEX) -- President Jose Lopez Portillo tonight appealed to the directors of the mass media to act responsibly and present the nationalization of banks from being impaired, distorted or handled in a manner that would create alarm or confusion among the public.

Lopez Portillo held a meeting at Carranza Hall in the official residence of Los Pinos with directors of radio, television and private and public press to reiterate that banks will only change ownership but that user rights would be totally respected.

He said that credit institutions would revert back to their original owners, the state, adding that when banks reopen on Monday, clients would find that the banks are still the same banks with same young ladies as tellers.

He appealed to the persons responsible for editing news on radio, television and the printed media, to prevent bad information or its manipulation from creating what he called, a possible absurd stampede on current [bank] accounts.

For his part, Emilio Azcarraga [position not given] spoke about the possible loss of confidence by the people and the country coming near to a revolution.

Lopez Portillo closed the meeting by tolerantly responding that there is a revolution in Mexico already, the Mexican Revolution, and after it there is nothing more, nothing else that would trouble us.

PRI ANTICIPATES RESISTANCE; RALLY TO BE HELD

FL030030 Mexico City NOTIMEX in Spanish 2340 GMT 2 Sep 82

[Excerpts] Mexico City, 2 Sep (NOTIMEX) -- PRI President Pedro Ojeda Paullada observed today that he did not dismiss the possibility that there would be pressure for reactionary sectors against the revolutionary step forward taken by President Jose Lopez Portillo.

Speaking at a press conference, Ojeda Paullada asserted that, on the other hand, there were also progressive sectors which, unlike these groups, were in favor of the decisions the president announced yesterday. In a clear response to statements made by businessmen, the PRI official denied that the private banks, which "denationalized" the country's savings, would now bring further losses to the country.

After reporting on tomorrow's mammoth rally on Constitution Square to express the PRI's support for President Lopez Portillo, Ojeda Paullada appealed to the free conscience of those who took money out of the country to return these resources to Mexico.

Meanwhile, EL REVOLUCIONARIO, the official PRI newspaper, said today that the presidential report was a response to popular expectations, and showed that there was a nationalist and revolutionary government which made decisions in the national interest. The PRI newspaper called the people to be on the alert, since history had shown that revolutionary decisions were always met with resistance and opposition.

ARMED FORCES REITERATE ADHERENCE TO CONSTITUTION

FL022212 Mexico City NOTIMEX in Spanish 2010 GMT 2 Sep 82

[Excerpt] Mexico City, 2 Sep (NOTIMEX) -- National Defense Secretary Gen Felix Galvan Lopez asserted today that the armed forces do not plan or want the guns of Mexico to be used for destruction, nor will they allow it to happen. Galvan Lopez was addressing President Jose Lopez Portillo during a breakfast the armed forces hosted in the president's honor.

The people have representatives to choose the course they want and if the people themselves wanted to self-destruct they would have changed their laws, direction and institutions by now, the defense secretary said.

He asserted that the soldiers believe in legal order, have confidence in their country, enjoy its progress and are fully on the side of Mexico, as are we all. He said that there might have been differences of opinion in Jose Lopez Portillo's administration, but never disloyalty.

Galvan Lopez reaffirmed the solidarity of the armed forces with the chief executive and asserted that they shall so remain until the human race achieves the perhaps utopian but long-awaited day when nations no longer need arms.

We have tried to be an institution that Mexico can feel proud of and trust instead of being fearful and ashamed. The armed forces will continue to heed the voice of the majority and pay no attention to the mistaken or self-serving voices of a few here and abroad.

Galvan Lopez said that Mexican soldiers had only three courses of action, but that the only one possible was to faithfully obey the Constitution and continue to be an active help to the government in Mexico's interest.

The other two courses would mean taking cover behind a silent, inactive neutrality, avoiding commitments, responsibilities and risks and limiting their activities to the military realm; or stepping beyond the boundaries of the law, turning into meddling judges of the national interest, breaking vows, violating institutionality and preverting history.

He warned that these last two courses would imply serious confrontations in which we would all come out losers, and that Mexico had already spilled its share of blood in the 1910 movement.

NOTIMEX REPORTS REACTION TO PRESIDENT'S SPEECH

FL021630 [Editorial report] Reaction reports to President Jose Lopez Portillo's state of the nation message filed by Mexico City NOTIMEX since 2225 GMT 1 September include statements of support and criticism.

At 2225 GMT, it was reported that leaders of the peasant sector, including Humberto Serrano Perez, secretary general of the Mexican Agrarian Council, Gildardo Herrera Gomeztagle, member of the executive committee of the National Peasant Confederation, and Sebastian Lopez Mesa, president of Chiapas' Coffee Workers Union, coincide in praising the president's actions, calling him the finest president in the country's history.

At 2230 GMT, a report said the banking sector's leaders, businessmen and industrialists had condemned the nationalization of the Mexican private banks. Carlos Abredrop, president of the Mexican Association of Bankers, rejected the charge that the banks had taken dollars out of the country and that monetary speculation had generated Mexico's economic crisis. Jose Maria Basagoiti, president of the Employers Confederation of the Mexican Republic, and Emilio Goicochea, an official of the Confederation of National Chambers of Commerce, denied that businessmen and private industry are responsible for the economic crisis. They did add that despite what has happened they will continue to invest in the country, and agreed that nationalization is a governmental decision aimed at seeking order within the fiscal disorder reigning in the country. Manuel J. Clouthier president of the Coordinating Business Council, called the measure a form of statism, which should be decided by the congress and in a national plebiscite.

At 2240 GMT, it was reported that the United Socialist Party of Mexico [PSUM] and the Popular Socialist Party had voiced strong support for the nationalization of all private banks, calling for the unity of all revolutionary and patriotic forces in support of the president and against all reactionary resistance. One of their leaders, Arnoldo Martinez Verdugo, a former PSUM presidential candidate, said the nationalization of the banking industry could become the foundation for a thorough social reform and for a better distribution of the national income.

At 0030 GMT, a report on statements made by former President Luis Echeverria Alvarez reveal strong support for the nationalization of the banking industry. He congratulates President Lopez Portillo for a superb state of the nation message, and adds that the bankers never answered the call for solidarity. He charges that the pro-United States Mexican oligarchy has always placed money ahead of the fatherland.

At 0215 GMT, a report on statements made by members of the National Association of Economists contains an appeal to all Mexicans for solidarity with the president's measures. The economists view the nationalization of the banking industry as a way of strengthening the national economy.

FOREIGN MINISTER DISCUSSES RELATIONS WITH USSR

PA030035 Panama City Televisora Nacional in Spanish 2300 GMT 2 Sep 82

[Text] Panamanian Foreign Minister Juan Jose Amado told newsmen at noon today that the Soviet Union has not officially expressed any interest in maintaining diplomatic relations with Panama, in response to a question in this regard. However, the foreign minister implied to local newsmen that he, personally, does not object to such relations, particularly if they benefit the country commercially. He added that this concept must be subject to a great deal of study, to determine if relations with that country are advisable either immediately or in some future period.

At a luncheon meeting that Amado held with media leaders on the occasion of his appointment, which was also attended by Deputy Minister Cabrera Filos and other Foreign Ministry officials, Amado said that diplomatic changes will be announced within a few days, but that the number of ambassadors who will be replaced is relatively small, as most of them will be ratified in their posts.

Referring to General Paredes' trip to Japan, he said that it comes within the continuous rapprochement between Panama and Japan and that it will probably contribute to an increase in trade relations, with positive effects for assembly plants, the free zone and other businesses.

As for an invitation for Paredes to visit Washington, Amado said that he couldn't say anything about its confirmation or cancellation, because it was made at the military level.

NATIONAL GUARD PAYS TRIBUTE TO DE LA ESPRIELLA

PA021255 Panama City Televisora Nacional in Spanish 2300 GMT 31 Aug 82

[Excerpts] With a great military parade, the National Guard and all of its top leaders paid a testimony of loyalty to the president of the republic, Ricardo de la Espriella, and all his cabinet.

The impressive military ceremony took place this morning at the Omar Torrijos Herrera Military Base, one of the first military areas to revert to Panama during the rule of the late leader of the armed forces, Gen Omar Torrijos. The chief executive was accompanied by his cabinet, the directors of autonomous and semi-autonomous institutions, members of the peoples power and of the Supreme Court.

With the exception of Gen Ruben Dario Paredes, commander in chief of the National Guard, who was represented by Col Armando Abel Contreras, the other chiefs of staff also participated in the military ceremony which lasted almost 2 hours.

The military display carried out by our First Armed Institute at the Rio Hato Military Base coincides with the beginning of the Torrijos 2000 Operation carried out by the National Guard, for the first time without the participation of friendly nations.

The chief executive expressed trust in the National Guard's loyalty towards his government and people and said that he will preside over a government of facts and not promises.

Col Armando Abel Contreras, in turn, stressed the National Guard's subordination to the president of the republic and read a proclamation on behalf of the National Guard's commander in chief, Gen Ruben Dario Paredes.

President Ricardo de la Espriella said he has no doubts about the loyalty of the National Guard towards the people and government. He said that now that he is truly in command, he will not make promises, but speak with facts.

ASSEMBLY PRESIDENT CHALLENGES PRD LEADER'S STAND

PA030313 Panama City Televisora Nacional in Spanish 2300 GMT 2 Sep 82

[Text] Luis de Leon Arias, president of the National Assembly of Corregimiento Representatives, said today that a small political minority cannot arrogate the right to make decisions for a majority party like the Democratic Revolutionary Party, PRD. De Leon Arias accused PRD Secretary General Ernesto Perez Balladares of working against the people's power through his statements:

[Begin recording] These statements can result in a destabilization of the PRD, because they have emerged from a consensus of the political commission and not from the party's congress, which is the sovereign political authority entitled to make this kind of decision and stand and to determine the policies and regulations of the PRD as an organized movement.

The decision to declare the party independent cannot be made by a political commission alone. This commission is an advisory body within the PRD's structure. It is the party congress that is entitled to make political decisions. In a case like this, the party secretary and the board must submit the problem to the congress and let the congress decide on the course that the PRD will take.

To begin with, the PRD was created by Gen Omar Torrijos Herrera as a government party; from these statements, all indications are that they are in violation of this great principle. The idea of declaring a party independent under the pretext of questioning the government is not convincing, because any party, even if it is a ruling party, can criticize the government, question its actions and make demands upon it. The allegation that the only way to question the government is to declare the party independent is groundless. This is extremely dangerous, because the PRD is a party without funds. Numerically speaking, it is huge, because it has a large membership, but it does not have economic resources. Therefore, it is always required... [De Leon changes thought] that is to say, a government party. And this happens in all states and all governments that have their own party, an official party. In this case, the official party was the PRD.

Now then, the statements by the PRD secretary general reflect a number of concerns that must be submitted to the congress for a decision. Being Torrijist entails a number of responsibilities, because Torrijism is committed to the national revolutionary process. Torrijism is the investiture of responsible PRD members and of all who are committed to national causes.

Therefore, the Torrijist Popular Movement does not agree with the political commission's decision to declare the party independent under the sole pretext of questioning the government. Consequently, we will demand that the declaration of independence be submitted to the PRD congress, because the political commission cannot set guidelines or chart courses for the PRD. It should limit itself exclusively to giving advice and to submitting problems to the party congress.

In addition, any attitude that the political commission or the PRD board of directors may assume can also compromise the people's power, which is the foremost revolutionary principle of the process. Therefore, on Monday we will call a meeting of the board of directors of the Assembly of Corregimiento Representatives, of the board of the former constituent assembly members and of the board of the alternate corregimiento representatives to firmly state our position, in view of the situation that has arisen as a result of the declaration that the PRD is independent from the national government.

What cannot be accepted is that a minority within the PRD should take the position of declaring the PRD independent from the national government. This can lead to a dismemberment of the movement and to the destabilization that can result from a lack of equilibrium within the PRD and the people's power. It could also result in destabilization of the revolutionary process and of all of its structures. [end recording]

EL SALVADOR

POLICE JAIL 16 TEACHERS; DIRECTOR COMMENTS

PA011900 San Salvador Radio Cadena Central in Spanish 2000 GMT 30 Aug 82

[Excerpts] In the last few hours the Treasury Police sent 16 teachers before a military judge. According to the information there is enough evidence to merit arrest. Col Jose Francisco Moran, Treasury Police director, made this statement:

[Begin recording] Regarding this matter, I can tell you that following investigation by the Treasury Police, 16 teachers were arrested -- as was announced by the [words indistinct] of the General Directorate under my responsibility.

This morning the women teachers arrested following the investigation were sent to the women's jail and the male teachers involved in this incident [14 August meeting at the Republica Federal de Alemania School] were sent to the Mariona jail.

[Question] How much time will the military judge have before he has to present the case?

[Answer] According to the law, the military judge has 160 days to review the evidence and study the documents. After this he has to pass sentence. He can release or sentence them.

[Question] Colonel Moran, during the investigation did the Treasury Police detect other centers being used for meetings involving clandestine activities?

[Answer] The Treasury Police are constantly investigating the places and people involved in this and similar incidents, but we don't take any action until we are sure, because we don't want to make any unnecessary arrests that would cause personal inconvenience. It is difficult to have all the necessary proof prior to the arrest. Centers and houses are searched to find evidence and meet legal requirements before the person is arrested and sent before the judge. [end recording]

THIRD PHASE OF MILITARY OPERATION TO BEGIN

PA021240 San Salvador EL MUNDO in Spanish 30 Aug 82 p 2

[Text] The third phase of operation "Lt Col Mario Alberto Azenon Palma," which the armed forces will begin shortly in the eastern part of the country, will cover more territory than previous operations carried out by combined troops in San Vicente Department, according to a military source from the armed forces staff which participated in the second phase of the operation.

Although it was said that the areas covered in the plan are a military secret, the spokesmen explained that the third phase of the operation will be of "great military importance," because there will be an all-out offensive aimed at finding and destroying all the guerrillas now in our territory. The operation includes combined actions by infantry, special counterinsurgency commandos, artillery units, and the Salvadoran Air Force.

The day before yesterday, members of the Armed Forces High Command, Defense Minister Gen Jose Guillermo Garcia and Col Rafael Flores Lima, the Armed Forces General Chief of Staff, visited the action fronts in the southeastern part of San Vicente. Col Sigfredo Ochoa Perez, commander of the 2d Military Detachment in Sensuntepeque and chief of staff of the Azenon Palma operation told them that during clashes between the armed forces and the extremists in the first phase of the operation, 201 terrorists were killed, 15 were captured, and 2 of them -- wounded and hiding in the mountains -- were rescued and sent to a health center.

According to official reports from a spokesman of the Armed Forces Press Committee, Colonel Ochoa Perez also said that during the first phase of the operation, two soldiers were killed and five were wounded. It was also reported that during the second phase, up to last Friday, 47 extremists had been killed and 2 were wounded and are now at a health center where they are receiving medical attention. Five guerrillas were captured and military intelligence is now interrogating them, the report states.

According to the source, eight special batallions of the armed forces, composed of more than 3,000 well-equipped men and supported by security corps units, an artillery brigade and the Salvadoran Air Force, participated in the second phase of the operation. Up to last week, the armed forces had destroyed main camps known as El Chorizo, Rio Frio and El Marquezado and had confiscated weapons, explosives, workshops to manufacture and repair weapons, field hospitals, etc.

LOCAL COMMANDER KILLED IN GUERRILLA ATTACK

PA021749 San Salvador EL DIARIO DE HOY in Spanish 31 Aug 82

[Text] Morazan -- Local Commander Amilcar Perez Gomez and two civil defense members were killed by terrorists who took over the small town of Yamabal, southwest of San Francisco Gotera.

A large number of subversives came to Yamabal around 1700, surrounded the town and attacked the garrison. Due to their numerical superiority, the subversives killed some civil defense members including the local commander, wounded six soldiers and kidnapped two patrol members.

After that, the terrorists set fire to the mayor's office, the National Telecommunications Administration offices and the local garrison. Meanwhile, another group ransacked a health unit, taking all the medicines. The rebels also sacked small local businesses.

That same night, units from the Armed Forces Commando Training Center arrived from their headquarters in San Francisco Gotera; a clash ensued and six terrorists were killed and three wounded. Finally, all the terrorists fled or were dislodged. In their flight, the terrorists left behind a .50-cal machinegun, a Galil rifle, an M-16 rifle and 30 Chinese grenades.

Meanwhile, a report from Tejutla in Chalatenango says that local National Guard and civil defense members carried out an operation in which they discovered two terrorist camps known as Izotalio and Higueral, near San Francisco Morazan.

According to the reports, a large number of terrorists offered strong resistance and fired back with bazookas, rifles and mortars for an hour before the government units managed to break through.

Two subversives died and several were wounded. The latter were taken away by their companions, judging by the bloodstains found there. At the camps the authorities found clips, ammunition, medicine, food supplies, and Claymore mines. Twenty-nine sheds were destroyed. These were built of zinc sheets and used as housing units by the subversives. It is believed that the other subversives fled to other camps.

COPREFA REPORT ON GUERRILLA, ARMY CASUALTIES

PA022355 San Salvador Radio Cadena YSKL in Spanish 1930 GMT 1 Sep 82

[Text] The Armed Forces Press Committee, Coprefa, released a report this morning to the nation's journalists. Press Bulletin No 17 states that three peasants were killed and a child was seriously wounded during a terrorist attack in Jucuaran, Usulutan Department. The peasants who were killed are (Ricardo Escobar), (Ruperto Romero) and (Maria Luz Romero) and the wounded child's name is (Marcos Arevalo).

Heavily armed terrorists attacked Nueva Granada, Usulutan Department, but were repelled by combined army and civilian defense forces. One terrorist was killed, according to the Coprefa report.

It added that terrorists dressed in olive drab uniforms attacked San Antonio los Ranchos canton, Nueva Guadalupe jurisdiction, Chalatenango Department, killing (Gonzalo Menjibar Miranda), who was beaten to death for not knowing the whereabouts of one of his sons, whom the terrorists wanted.

The Coprefa official report also noted that one terrorist from the Peoples Revolutionary Army, ERP, gave himself up to the 5th Brigade in San Vicente, seeking protection under the amnesty decree. He said that he deserted from one of terrorist camps in the area.

The 5th Brigade reported that four terrorists were killed when surprised by a military patrol while trying to destroy the railroad tracks at (El Meneadero) farm, Zacatecoluca jurisdiction, La Paz Department.

The Coprefa bulletin delivered to the journalists this morning also said that a high-tension tower was blown up by terrorists on the highway between San Vicente and Santo Domingo, San Vicente jurisdiction. The paracentral area was blacked out as a result; repairs are now underway.

Terrorists destroyed agricultural material and machinery at the San Luis (Posada) farm, El Playon canton, Tecoluca jurisdiction. Losses were estimated at more than 150,000 colones. This includes a warehouse, 90 bags of fertilizer, various material and 1 tractor.

Terrorists looted shops for staples in (Alponguitas) and Ojos de Agua, Santiago Nolualco jurisdiction, La Paz Department. The subversives were armed with M-16 and G-3 rifles and had their faces covered with black and red kerchiefs.

Finally, the Coprefa report said that one sergeant and three terrorists were killed during a military patrol ambush in (El Chapulin) canton, Chirilagua jurisdiction, San Miguel Department. The dead sergeant was (Salvador Cabrera Palacios). The terrorists abandoned 1 M-16 rifle, 2 magazines, 82 rounds of ammunition, 1 .22-cal rifle and 1 .22-cal revolver at the site.

GUATEMALA

NEW DEFENSE MINISTER TO CONTINUE PACIFICATION

PA021235 Panama City ACAN in Spanish 0107 GMT 2 Sep 82

[Text] Guatemala City, 1 Sep (ACAN-EFE) -- New National Defense Minister Gen Oscar Mejia Victores said today shortly after he assumed this post that guerrillas have become criminals because of the army's continued pressure on them.

General Mejia Victores, who had held the post of deputy defense minister, today replaced Brig Gen Efrain Rios Montt as defense minister. The new minister said that "the army's pressure on the extremist groups has practically turned them into criminals."

The military chief added that they have reached this situation because of the incompetence shown by the subversive groups and the effectiveness of the military units, which have fought them harshly.

The new defense minister stressed that he will continue the army's mission of pacifying Guatemala.

Asked by newsmen about the methods he would use to pacify this country, he said: "We have no other means to pacify the country than the one we are now using." Mejia Victores stressed that "we are taking security and development to all parts of the country, and we will continue to do so."

Asked how the Indians have responded to this pacification, he said: "That is easy to see. You only have to look at the pictures that newsmen have taken of the rallies held in support of the army. You will realize that the Indians are with us." Guatemalan President General Rios Montt yesterday relinquished the defense ministry post he had held since 23 March, due to "his heavy duties as chief of state."

Declares Conspiracy 'Smashed'

PA021917 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 2 Sep 82

[Text] The government today announced that it has definitely smashed a conspiracy to overthrow it. The existence of a conspiracy was first mentioned on 15 August, but its complete elimination was not assured until today, 1 September. Nevertheless, the government's initial activities related to the alleged coup occurred exactly 20 days ago when security forces began to pursue Leonel Cisniega Otero, a National Revolutionary Movement leader, who has still not been found.

Defense Minister Oscar Mejia Victores, who took office today, said this morning that the antigovernment conspiracy is now under control. A total of nine persons have been captured in connection with the conspiracy, the last one being (Enrique Mas), a businessman from Izabal. The defense minister declared that the alleged coup has been smashed:

[Begin recording] [Question] Are other sectors apart from politicians involved. Was any military man involved?

[Answer] No, no military man was involved, fortunately.

[Question] To what do you attribute the attempted coup?

[Answer] The desire for power that everyone has. I believe there has always been a desire for power.

[Question] How many persons have been taken before the special courts?
[Answer] Perhaps (?100).
[Question] How many persons have been arrested?
[Answer] All the persons known; I believe they number (?69).
[Question] Any names in addition to those already mentioned?
[Answer] Only those already mentioned.

[Question] Is an arrest warrant still out for Leonel Sisniega Otero?

[Answer] Since it has not been canceled, I believe yes.

HONDURAS

PAZ BARNICA ON NICARAGUAN INVITATION FOR MEETING

PA021802 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 1 Sep 82

[Jose Domingo Flores interview with Honduran Foreign Secretary Eduardo Paz Barnica; date and place not given -- recorded]

[Text] [Question] Is it true that President Roberto Suazo Cordova has been invited to visit Nicaragua?

[Answer] I understand that the president recently received a note from Junta Coordinator Commander Daniel Ortega Saavedra.

The text and contents of this letter are still being analyzed, as it was received very recently. President Suazo Cordova, as top leader of a democratic country, feels that a dialogue is one of the best ways for the analysis of problems as long as conditions are present for a top-level meeting.

[Question] Will the foreign ministers of these two countries meet prior to a meeting between the Nicaraguan and Honduran chiefs of state?

[Answer] I don't know anything about what you are mentioning, unless a meeting of the two foreign ministers is planned to prepare an agenda. Last week I received a note from Nicaraguan Foreign Minister Miguel d'Escoto in which I was not invited to meet him but I was told that he can see me on a specific date to continue analyzing the Guasaule agreements reached some time ago. We are analyzing the contents of that note in order to give a reply we deem appropriate, because the Honduran position is that of favoring dialogue, understanding and peace. However, I want to note that when d'Escoto visited Tequcigalpa in April, he was responding to an invitation that I extended to him within the framework of the initiative to internationalize peace in Central America proposed by President Suazo Cordova's constitutional and democratic government.

[Question] How true are statements by certain U.S. congressmen who have said that the United States wants to make Honduras a gendarme in Central America?

[Answer] I imagine that these reports are part of different speculations which always appear when there are problems in any region of the world. Logically, we are experiencing a situation of conflict in Central America. There are Central American countries that have very serious internal conflicts. These are neighbor countries of our homeland, Honduras. What I can tell you for sure is that Honduras will never be a gendarme of Central America, but it will always be the guarantor of Honduran democracy and of a policy favoring peace in Central America.

[Question] What do you know about the remarks of some U.S. congressmen who oppose the granting of $21 million to improve airport installations in our country?

[Answer] [Words indistinct] this is all I can tell you in this regard. We have been discussing aid that is not large and is intended to improve certain airports and airstrips and is not for the creation of army bases. We have thoroughly discussed this before.

[Question] Is the Honduran Government interested in getting these millions for the improvement of these airports?

[Answer] Yes, the Honduran Government is interested in any cooperation with no strings attached and intended to improve various aspects of Honduran life, including the media because they contribute to promoting the country's image and improving its internal activities.

POLICE RAID GUERRILLA HIDEOUT, ARREST 15

PA021510 Tegucigalpa EL HERALDO in Spanish 1 Sep 82 p 32

[Excerpt] San Pedro Sula -- Combined "Cobra" squadron, Department of National Investigations and public security forces police yesterday morning smashed a guerrilla hideout in the Barandillas neighborhood, in the southwestern sector of this city.

The police raid was carried out just after 0900 on a house located near the "Soledad Fernandez" school in the Barandillas neighborhood. The police arrested 15 persons in the raid. It was reported that seven persons were later released, but that eight are being held and questioned.

So far, the authorities have not reported what was found in the raided house, but it was confirmed that eight subversives are under arrest.

12,000 MISKITOS CROSS BORDER FOR REFUGE

PA021315 Tegucigalpa Voz de Honduras in Spanish 1145 GMT 31 Aug 82

[By Roberto Rodriguez]

[Text] Approximately 12,000 Miskitos crossed the Nicaraguan border last night and sought refuge in Honduran territory, claiming mistreatment and persecution. The English institution Faith Children Foundation reported that, last night, thousands of Miskitos entered Honduras. The number was established later. Some of the Miskitos claimed to have left their country because they could no longer endure the conflict in Nicaragua.

The natives left at midnight, according to a spokesman of the foundation. This new group increased to nearly 22,000 the number of Miskitos who in less than 6 months have fled from the Sandinist hordes who are determined to change their religious and native traditions.

UN Refuge Group Denies Exodus

PA021417 Managua Domestic Service in Spanish 0300 GMT 31 Aug 82

[Text] The office of the UN High Commissioner for Refugees in Honduras has denied that last weekend there was a massive exodus of Miskito Indians from Nicaragua, seeking refuge in Honduras. This information was disseminated by the U.S. Faith Children Foundation Organization and by alternate Congressional Deputy (Roberto Rodriguez).

The report denied by the UN Refugee Office in Honduras said that with the new refugees the number of Miskito Indians in Honduras would rise to 26,000. Nevertheless, the report said that an exodus of this magnitude could hardly have occurred unnoticed, and that aid would already have been requested for so many people.

NICARAGUA

ORTEGA ON MEXICAN AID, INVITATION TO HONDURAS

PA030123 Managua Radio Sandino Network in Spanish 1200 GMT 1 Sep 82

[Text] It is Mexico's political support for Nicaragua that we value most highly, Commander Daniel Ortega, coordinator of the government junta, said. Commander Ortega also said that Honduran Foreign Affairs Secretary Edgardo Paz Barnica has been invited to visit Managua in order to prepare a meeting with President Roberto Suazo Cordova.

[Begin recording] [Ortega] Mexico's difficult economic situation is like that of other countries in the world and in a way affects the possibility of greater Mexican support for [words indistinct] Nicaragua. However, the most important thing is the political support that Mexico has given to Nicaragua, which we value most highly, and its efforts to help in the search for peaceful solutions, to reach an understanding that will prevent war in the region. We believe that this is the greatest effort that Mexico has made and the area in which it has given the greatest support to our people.

[Question] You were speaking about a possible visit by Honduran Foreign Secretary Paz Barnica this week?

[Answer] We have issued an invitation to Foreign Secretary Paz Barnica, asking him to participate in a meeting prior to a meeting with President Suazo Cordova.

[Question] Have you heard from him?

[Answer] We are waiting for an answer. We sent him the invitation.

[Question] Did Honduran president agree to come?

[Answer] [Words indistinct] that this meeting with the Honduran president will follow a meeting of foreign ministers. Nicaragua has invited Foreign Secretary Paz Barnica and we hope that he agrees to meet with our foreign minister, and that later the meeting with President Suazo Cordova can take place. [end recording]

ORTEGA SAYS DIALOGUE WITH CHURCH CONTINUES

PA021955 Managua Radio Sandino in Spanish 1200 GMT 1 Sep 82

[Text] The dialogue between the revolutionary government and the Nicaraguan Episcopal Conference has not been broken off. It has been maintained even during the most tense moments, said Commander Daniel Ortega Saavedra, coordinator of the government junta. He made the statement when questioned by national and foreign newsmen at the Augusto Cesar Sandino International Airport.

Commander Ortega Saavedra said that in recent days revolutionary government officials met with an episcopal conference delegation and discussed current issues. Present at the meeting were Rodrigo Reyes, minister-secretary of the government junta; Commander Rene Vivas, deputy interior minister; and Companero Rene Nunez, secretary of the FSLN National Directorate. Present for the episcopal conference were the bishops of Chontales, Pablo Antonio; Granada, Leovigildo Lopez Fitoria; Esteli, Ruben Lopez Ardon; Leon, Julian Barni; and for the Managua archdiocese, Monsignor Bosco Vivas. Commander Ortega Saavedra said that the government and FSLN maintain their position of respect for any religious activity in the country, but cannot tolerate counterrevolutionary political acts that take place in connection with any kind of religious activity, and are a betrayal of our people's beliefs.

SOCIAL DEMOCRATS APPROVE ENDERS' PROPOSAL

PA022323 Managua LA PRENSA in Spanish 27 Aug 82 p 2

[Text] "The Social Democratic Party [PSD] agrees with the proposal made by Thomas Enders, assistant secretary of state for inter-American affairs, on demilitarizing the Central American region." This is what PSD Political Secretary Luis Rivas Leiva told one of our reporters. He said that it will be a good way to begin implementing measures that can lead to improved relations among the Central American countries and to the consolidation of an effective peace, which is so badly needed in these times of economic crisis for the area's nations. "We can't afford to spend money on weapons when our peoples have urgent needs that must be met," he said.

He noted that a reduction in military materiel and in foreign advisers would eradicate distrust and would create a climate of trust for future talks at the Central American level. He added that it is sad to see our countries using their scarce resources on the purchase of military supplies and for military personnel expenses.

In terms of efforts to improve relations with the United States, several steps should be taken:

We must moderate the language being used in various government media when we refer to the United States.

It must be noted that the worst obstacle to the initiation of friendly talks is the offensive type of remarks made about the U.S. people.

An effort must be made to do away with the image in Latin America that Nicaragua is part of the Soviet-Cuban axis.

We must demonstrate that we really want to establish true democracy in Nicaragua and, to do this, we must suspend all existing restrictions on fundamental freedoms, because a nation needs political pluralism, the defense of human rights and a respect for private property if it is to develop.

CREDITORS ASKED TO POSTPONE DEBT PAYMENTS

FL021423 Mexico City NOTIMEX in Spanish 0415 GMT 2 Sep 82

[Excerpt] Havana, 1 Sep (NOTIMEX) -- The Cuban Government today asked its creditors to postpone and stagger installment payments of its foreign debt which amounts to a total of $3,554,000,000, it has been announced officially. The request implies that the payments of about $1.29 billion from this month on through 1985 would be deferred for settlement in 10 years beginning in 1986, according to an official announcement delivered to the Havana embassies of the governments Cuba maintains diplomatic relations with by Raul Leon Torras, minister-president of the National Bank of Cuba.

The Cuban request does not include in the proposed negotiations loans and short-term deposits, provided that the foreign commercial banks end the accelerated rate of withdrawal of funds. The rapid withdrawal of loan funds and deposits in the past 10 months, which amounts to $573 million since October 1981, has caused a $134 million reduction of the Cuban foreign currency reserves and forced the request for a renegotiation. According to the Cuban report, that reduction in such a short period of time and without an economic cause to justify it has resulted in an artificial crisis in payments which affects both the country and its creditors, because no nation can successfully confront a massive withdrawal of the funds with which it operates.

AFP Report

PA021925 Paris AFP in Spanish 2049 GMT 1 Sep 82

[By Alfredo Munoz-Unsain]

[Excerpts] Havana, 1 Sep (AFP) -- The Cuban Government today declared itself the victim of "an accelerated process of withdrawal of funds" imposed from abroad and asked its creditors to postpone and space out installment payments of its foreign debt, which stands at a total of $3,554,000,000. According to an official report delivered to the governments with which Cuba maintains relations, and which AFP was able to read today, the Cuban request implies that the payment of about $1.29 billion from this month on to 1985 would be deferred for settlement in 10 years beginning in 1986.

In no more than 3 months, the document suggests carrying out a "joint examination" and "arriving at an agreement" to "restore the absolute normalcy" of financial and commercial relations between Cuba and her creditors, so that they may again offer "an encouraging perspective for all parties."

The report indicates that the fall of the international price of sugar will cost Cuba some $572 million in 1982 and 1983, compared to the theoretical and already low prices fixed by the International Sugar Agreement. In addition, sugar will lose $800 million in revenues over these 2 years because of higher interest rates and the price increase of the goods it must import. "Cuba is a country under attack and thus demands conditions which attenuate the consequences of the aggression," the National Bank reort explaining the Cuban request indicates.

Aside from the meeting with the diplomatic corps held today at noon, it was disclosed that the Cuban Government will next week begin sending negotiating missions to France, Spain, Great Britain, FRG, Japan, Canada, Italy, Denmark, Sweden, Finland, Holland, Austria and Belgium.

HAVANA REPORTS LOPEZ PORTILLO ADDRESS TO NATION

FL020210 Havana Domestic Television Service in Spanish 0000 GMT 2 Sep 82

[Text] Mexican President Jose Lopez Portillo has forcefully rejected aggression and interventions in Nicaragua and Cuba and issued a new call for peace in Central America and the Caribbean. Lopez Portillo delivered his sixth the last annual government report at noon today at the new Legislative Palace. His address was broadcast on television to the nation.

The president announced the nationalization of Mexico's private banks and the establishment of a generalized foreign exchange control. In an extensive exposition on the economic and financial crisis the country has been experiencing since the beginning of this year, he said the bank nationalization will be accompanied by economic compensation for current shareholders in keeping with the law.

Lopez Portillo said that during his administration, foreign policy was refocused on a decisive area for Mexico: Central America and the Caribbean, whose situation was explosive and, along with Cuba's ostracism, was a sore point with the United States which, unfortunately, has led to lamentable actions. Recalling the peace proposal for the area which he announced in February in Managua, the president said no one could ever accuse Mexico of not doing everything possible to avoid a disaster. He once again called for conciliation and peace.

Speaking on Nicaragua, he said Mexico would like to see it left alone to solve its own problems, and not be burdened with economic pressures or threatened with artificial armed interventions; it should be left along. With respect to Cuba, he asserted: We reject the isolation and we reinforce the ties which historically bind us with the heroic Cuban people. He noted that he had sought dialogue between Cuba and the United States. Lopez Portillo added that the threats, ostracism and non-acceptance of a 23-year-old reality was not in keeping with the beautiful tradition of friendship and tolerance of the U.S. people. On El Salvador, he reiterated the French-Mexican porposal, saying that it had become more real and had turned into an alarm because if there was no negotiation, soon, too soon, the conflict would spread to the region.

SALVADORAN FRONT MEMBERS HOLD PRESS CONFERENCE

FL020200 Havana Domestic Service in Spanish 2130 GMT 1 Sep 82

[Excerpts] The work plan of the Salvadoran Solidarity International Front has been discussed in Havana by Enrique Colon, member of the Executive Secretariat and president of the Salvadoran Solidarity Front in Puerto Rico. Also present at the press conference, during which details were given on the solidarity program with the Salvadoran fighters, was Jorge Gallardo, member of the Salvadoran International Solidarity Bureau and vice president of the Cuban Institute of Friendship With Other Peoples.

Enrique Colon, who is in Cuba to meet with organization members residing in Cuba, said that on 3, 4, and 5 September the front's Standing Secretariat will hold a meeting in Managua, Nicaragua, to discuss the general work plan and activities pertaining to the international day of solidarity with El Salvador which will be held on 15 October. Colon added that the international day of solidarity with El Salvador will be held at different levels within the United States with the objective of making international opinion aware of the struggle El Salvador is waging against the military actions perpetrated by the Reagan administration. Moreover, Colon and Gallardo noted that although the Symms Amendment is nothing new within the framework of the U.S. administration's hegemonic policy, it is rather an increase of U.S. interventionist activities in the Central American and Caribbean region.

ECUADOR

HAVANA REPORTS ON STUDENT-POLICE CLASHES

PA021447 Havana in Quechua to Bolivia, Ecuador and Peru 2200 GMT 27 Aug 82

[Text] One youth dead, 50 arrested and over 20 vehicles set afire is the result of 3 days of intensive, large-scale student demonstrations in the city of Guayaquil, Ecuador.

University and secondary school students are protesting the possible increase in transportation fares. The demonstrations halted traffic in some neighborhoods and on some main streets in business areas.

University and secondary school students are continuously clashing with police.

PERU

HAVANA REPORTS PRADO REMARKS, PCP COMMUNIQUE

Prado on Revolutionary Struggle

PA021440 Havana in Quechua to Bolivia, Ecuador and Peru 2200 GMT 28 Aug 82

[Text] Jorge del Prado, secretary general of the Peruvian Communist Party [PCPI], has said that the state of emergency law was applied in the cities of Lima and Callao because of the existence of a threat, which is a tacit demonstration that the Peruvian people's struggle has intensified in the past few months.

The PCP leader added: The people's struggle in Peru grows more intense every day and is on a good path because the Belaunde Terry government identifies with and has been converted to Yankee imperialism, which grants a number of privileges to that government.

In Lima, it was learned that government officials in Ayacucho Department resigned because of death threats from guerrillas struggling to liberate Peru. A civil guardsman was killed by snipers who then escaped. Lima police have indicated that over 600 people are under arrest on suspicion of being members of the Shining Path organization, which allegedly has set off dynamite charges in various parts of Peru.

PCP Communique

FL021545 Havana Domestic Service in Spanish 2130 GMT 1 Sep 82

[Text] Lima -- The Peruvian Communist Party has issued a communique denouncing the violent offensive launched against that political organization and other leftist groups under the guise of the state of emergency declared for Lima and Callao.

The communique adds that the Peruvian Government's repressive forces have detained several members of its party, of the Popular Democratic Union and of the Leftist Revolutionary Union [Union de Izquierda] in a most arbitrary and abusive manner.

APRA SUPPORT FOR MORALES BERMUDEZ DENIED

PY011844 Lima Radio Union in Spanish 1200 GMT 1 Sep 82

[Text] Deputy Fernando Leon de Viveros, secretary general of the American Revolutionary Popular Alliance [APRA], yesterday said that APRA will nominate its own candidates at the 1985 general election. Asked about the "sure" presidential nomination of Gen (Ret) Francisco Morales Bermudez with APRA support, he said: Our candidate will definitely be an APRA member.